

Books & arts



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US Army nurses in 1947. Shifting social norms have driven the swift rise and demise of smoking in many places.

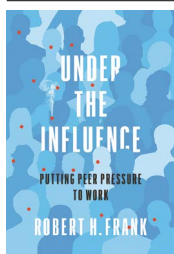
Peer pressure shapes our world

Social context affects our actions. Policymakers should leverage that to cut emissions, boost health and more, a book argues. **By Thomas Dietz**

In 1989, just 12% of US adults favoured legalization of same-sex marriage; by 2015, that figure was around 60%. What triggered the transformation? In *Under the Influence*, economist Robert Frank reveals that peer pressure lies behind many such step changes. Once views began to shift, the process was self-reinforcing.

As Frank drives home, we humans are especially adept at learning from our peers. Our decisions are strongly influenced by social norms – what we think others are doing, and what we think they think we

should do. In some circumstances, we can be self-interested; in others, we can be altruistic. So it's not surprising that much



**Under the Influence:
Putting Peer Pressure
to Work**

Robert H. Frank
Princeton Univ. Press
(2020)

of social-science research focuses on social context in decision-making. Frank reviews extensive evidence from studies across a number of disciplines on how peer pressure shapes the dynamics of smoking, drinking, obesity, consumerism and many other important social issues.

Pressure point

Because the tendency to emulate can lead to rapid social change, for better or worse, it is a key lever for policy. Yet, asserts Frank, that message has yet to reach many policy analysts

and economists. *Under the Influence* offers a corrective through compelling arguments for incorporating social contexts into the design of policy on climate change, public health, the financing of public goods, social justice, taxation and beyond.

Among the cascades of change Frank examines are ‘arms races’, which can focus on anything from nuclear weapons to consumer goods. They are a type of commons dilemma or collective-action problem: the pursuit of narrow self-interest leads to overuse of a resource, and disaster. (If foresters, for instance, limit the number of trees they fell every year, the forest can regenerate, to the benefit of all; if they each boost their own short-term profits by maximizing their felling, the forest ecosystem might collapse.) But in an arms race, what matters is not your absolute measure of resources. It is what you have compared with what I have. Thus, everyone has an incentive to accumulate resources in a never-ending upward spiral.

Boom and bust

Frank points, for example, to the sharp increases in US housing prices that led to the bubble of the early 2000s. To ensure access to the best school districts, buyers competed to live in the most affluent neighbourhoods, bidding up housing costs inexorably. The result was unrealistic prices, unsustainable mortgage burdens and a slump in price that led to bankruptcies and the collapse of lenders – all of which contributed to the 2008 economic meltdown.

Frank examines another problematic arms race: the widespread opposition of the rich to increased taxation. This, he argues, hinges on what he calls the “mother of all cognitive illusions”: the belief that happiness is based on absolute wealth (and spending power), which higher taxes would slash. Frank counters that view, asserting that rich people’s well-being is based on relative wealth – their position compared with that of their peers. A tax affecting all top earners would maintain relative position, whatever the effect on absolute spending power. His analysis is timely,

“In an arms race, what matters is not your absolute resources. It is what you have compared with what I have.”

because low and declining US tax rates for the top income bracket have led to a loss of government revenue and, in turn, massive underinvestment in public goods such as education and infrastructure. Frank suggests a remedy: taxing consumption (income minus savings) for the wealthiest.

One of the great strengths of *Under the Influence* is Frank’s use of research from across the social sciences, including psychology and political science. Yet he fails to engage with much that’s salient to his arguments here. For instance, regarding policy challenges such as climate change and obesity, he admits that his “deepest passion” is efficiency – that is,

he favours taxation over regulation. Thus, he adopts a standard utilitarian approach to decision-making. To demonstrate the success of this approach, he cites the US policy that placed a price on sulfur dioxide emissions from 1995, significantly reducing levels of acid rain. But when he discusses the importance of in-depth deliberation in resolving conflicts, and in changing individual views on gay rights and environmental protection, he does not mention the extensive literature on how deliberative processes can underpin good decision-making, a theory complementary to his utilitarianism.

Unexplored factors

Frank’s analysis would thus benefit from even deeper digging into findings on context, social structure, power and social interaction, such as the critique of growth dynamics in environmental sociology or the 2017 book *Beyond Politics*, an analysis of private environmental governance by Michael Vandenbergh and Jonathan Gilligan. For example, Frank’s argument about the well-being of the affluent resting on relative status does not factor in the possibility that rich people might be seeking political power and influence on government instead. Among the richest, power might depend on absolute wealth. Similarly, his thoughtful chapter on climate change does not fully address opposition to climate policy from powerful fossil-fuel interests.

Moreover, Frank mentions only in passing issues such as the human tendency to associate with those like us (homophily) and to affirm what we already believe (confirmation bias). In the social networks of government officials, lobbyists and others who influence policy, these tendencies lead to polarization and a lack of action on serious problems. So although Frank urges us to consider context, he misses the need to pay more attention to the structure of contexts, including inequality and power.

Of course, one book, however broad its compass, cannot cover everything. And even where I felt Frank had not tackled important lines of research, those gaps point to the need to think more deeply about human actions and the policies that shape them. At a time of multiple impending crises, *Under the Influence* will provoke your thinking in constructive ways.

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For many people, wealth relative to others is more important than absolute spending power.